

Message Text

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PAGE 01 KINGST 00835 271317Z

43

ACTION EB-07

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FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 309

C O N F I D E N T I A L KINGSTON 0835

E.O. 11652: GDS

TAGS: EMIN, JM

SUBJECT: BAUXITE DEVELOPMENTS

1. REVERE. MARSHALL MAYS, PRESIDENT OPIC, VISITED KINGSTON, FEBRUARY 24-25 WHERE HE MET WITH CHARGE, MAYER MATALON, AND DOUGLAS FLETCHER (LATTER TWO ARE KEY GOJ NEGOTIATIONS WITH BAUXITE COMPANIES). MAYS INFORMED ALL THREE THAT REVERE WILL LODGE CLAIM AGAINST OPIC INSURANCE WITHIN NEXT FEW WEEKS ON GROUNDS BAUXITE LEVY REPRESENTED EXPROPRIATORY ACTION BY GOJ. ARGUMENTS IN DETAIL ARE ESSENTIALLY THE SAME AS THOSE BEING PURSUED CURRENTLY IN JAMAICAN COURTS. MAYS ALSO SAID THAT, UNLESS REVERE AND GOJ NEGOTIATE SUCCESSFUL SETTLEMENT IN INTERIM, OPIC WILL UNDOUBTEDLY PAY OFF CLAIM AT END OF MANDATORY SIX-MONTH PERIOD WHICH BEGINS TO RUN ON DATE CLAIM FILED. MAYS SAID BOTH FLETCHER AND MATALON DISPLAYED SERIOUS CONCERN RE JAMAICA'S IMAGE SHOULD CLAIM BE PURSUED TO SUCCESSFUL CONCLUSION BY REVERE. MAYS IN TURN EMPHASIZED IMPORTANCE GOJ AND REVERE RETURNING TO THE TABLE AND SAID OPIC WOULD CONTINUE TO PRESS REVERE IN THIS DIRECTION.

2. ALCOA. IN SEPARATE CONVERSATIONS WITH CHARGE AND MAYS DURING PAST FEW DAYS, ALCOA MANAGER CROUCH HAS CONTINUED TO DISPLAY OPTIMISM THAT IT WILL BE POSSIBLE TO REACH FINAL
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PAGE 02 KINGST 00835 271317Z

AGREEMENT WITH GOJ IN MARCH OR, AT LATES, APRIL. FLETCHER

IN SEPARATE CONVERSATIONS HAS DISPLAYED SAME OPTIMISM TO
MAYS AND CHARGE. CROUCH IS LESS OPTIMISTIC ABOUT THE
ABILITY OF ALCOA TO REOPEN ITS PLANT IN THE IMMEDIATE
FUTURE. ASIDE FROM ALCOA'S REQUIREMENT FOR ADEQUATE
SECURITY, THERE WILL BE REAL PROBLEMS IN GETTING BOTH
JAMAICAN AND EXPATRIATE SUPERVISORY AND TECHNICAL PERSONNEL
TO RETURN TO PLANT. CROUCH SAYS MANY KEY PEOPLE MAY SIMPLY
REFUSXE TO RETURN AND IT WILL BE DIFFICULT TO RECRUIT
REPLACEMENTS IN THE U.S. AND ELSEWHERE.

COMMENT: MAYS CONVERSATIONS WITH MATALON AND FLETCHER
MAY STIMULATE A HIGHER PRIORITY FOR THE REVERE NEGOTIATIONS
ON PART OF GOJ. HOWEVER, GOJ HAS ALREADY AMPLY PROVED
IT IS UNABLE TO NEGOTIATE (BECAUSE OF SHORTAGES IN
NECESSARY EXPERTISE) MORE THAN ONE COMPANY AT A TIME.
DORRANCE

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